

Reliance Capital Limited

**Review report on the results for the quarter ended
December 31, 2010 (Un-audited)**

February 12, 2011

Safe Harbor

This report and the discussion that follows may contain “forward looking statements” by Reliance Capital Limited (“RCL”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of RCL about the business, industry and markets in which RCL operates. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RCL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of RCL. In particular, such statements should not be regarded as a projection of future performance of RCL. It should be noted that the actual performance or achievements of RCL may vary significantly from such statements.

General Risk

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of RCL including the risks involved.

Convenience translation

We publish our financial statements in Indian Rupees. All references herein to “Indian Rupees” and “Rs.” are to Indian Rupees and all references herein to “US dollars” and “US \$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs 44.9 = US \$ 1.00 for Q3 FY11 profit and loss items and the rate of Rs.44.8 = US \$ 1.00 for balance sheet items as on December 31, 2010. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

We also use the international convention of presenting financial information in millions or billions of rupees. Note: One million rupees is equal to ten lakh rupees. Ten million rupees is equal to one crore rupees. One billion rupees is equal to one hundred crore rupees.

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SECTION 1
RELIANCE CAPITAL – PERFORMANCE AT A GLANCE

(Rs. Million)

Particulars	2008	2009	2010	Quarter ended December 31, 2010
Reliance Capital Limited (Consolidated)				
Total Revenues	49,192	59,400	61,406	13,689
Profit Before Tax	12,157	12,042	5,883	1,543
Net worth	65,078	73,403	77,125	81,262
Total Assets	163,710	242,600	254,438	303,929
Reliance Capital Asset Management (Consolidated)				
Total Revenues	4,741	4,547	6,817	1,857
Profit Before Tax	2,054	1,686	2,680	913
Reliance Life Insurance				
Total Premium (Net)	32,133	49,153	65,883	14,470
NBAP**	NA	6,196	6,203	2,740
Reliance Commercial Finance				
Total Revenues	3,985	12,002	12,868	3,481
Profit Before Tax	361	911	1350	793
Broking (Reliance Securities) & Distribution businesses ('Reliance Money')				
Total Revenues	2,385	3,520	2,585	667
Profit Before Tax	1	581	149	108
Reliance General Insurance				
Gross Written Premium	19,464	19,149	19,797	4,181
Profit Before Tax	1,628	(502)	(905)	(242)

** - for nine months ended December 31, 2010

Particulars+	Year ended March 31,			Quarter ended December 31, 2010*
	2008	2009	2010	
Reliance Mutual Fund				
Average Asset under Management (Rs. billion)	908	726	925	1,021
Reliance Life Insurance				
New business premium	27,510	35,139	39,208	5,937
Reliance General Insurance				
Combined Ratio (%)	129%	114%	117%	124%
Reliance Commercial Finance				
Loan book size	71,204	85,761	91,658	106,863
Reliance Securities				
Broking Accounts (Nos.)	713,636	1,010,000	640,000	651,000

+ All the financial highlights given are based on consolidated audited results

* Based on consolidated unaudited results

SECTION 2

AN OVERVIEW

Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks among the top 4 private sector financial services and banking groups, in terms of net worth.

Reliance Capital is a part of the Reliance - Anil Dhirubhai Ambani Group and is a constituent of S&P CNX Nifty and MSCI India.

Reliance ADA group is amongst India's leading business houses with over 230 million customers. It has a strong presence across a wide array of high growth Commercial- facing businesses of Telecom, Financial Services, Energy, Power, Infrastructure and Media and Entertainment.

Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial finance; stock broking; investment banking; wealth management services; distribution of financial products; exchanges; private equity; asset reconstruction; proprietary investments and other activities in financial services.

Reliance Capital Asset Management (RCAM)

- Reliance Capital Asset Management managed Rs. 1.4 trillion (US\$ 32 billion) as on December 31, 2010 – 1% YoY increase across:
 - mutual funds – Rs. 978 billion (US\$ 22 billion)
 - pension funds – Rs. 406 billion (US\$ 9 billion)
 - managed accounts – Rs. 21 billion (US\$ 463 million) and
 - hedge funds – Rs. 13 billion (US\$ 299 million)
- RCAM's income from its operations for the Quarter ended December 31, 2010 was at Rs. 1.9 billion (US \$ 41 million) – QoQ increase of 5%
- Profit before tax for the Quarter ended December 31, 2010 was Rs. 913 million (US\$ 20 million) – QoQ increase of 30%

Reliance Mutual Fund (RMF)

- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It had a market share of over 15% at the end of December 31, 2010

- The AAUM for the quarter ended December 2010 was at Rs. 1,021 billion (US\$ 23 billion) as against Rs. 1,200 billion for the corresponding previous period
- The high focus on the untapped retail opportunity continues. The number of investor folios in RMF have remained steady at 7.2 million – market share of over 15%
- The long term debt increased to 19% of debt AUM as against 6% as on December 31, 2009
- In fact, the Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts increased by 74% to 1.9 million. During the quarter, RMF added an average of 100,000 SIPs every month
- At the end of Q3FY11, RCAM had a wide distribution network spanning over 200 cities and 75,000 touch points in India
- Achievements in Q3FY11:
 - High focus on retail continues - Long term debt increased to 19.2% of total debt AUM
 - Launched FAST (Flexible Asset Selection Tool) - an unique solution for Financial Planning through Mutual Funds - first in the Industry
 - Won the Best Fund House Award by Outlook Money
 - ET Intelligence Group awarded RMF with 12 awards including the highest number (5) of Platinum Awards for the various schemes
 - Won 5 Awards - the maximum by any AMC - on different categories in the NDTV Profit Mutual Fund Awards 2010

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 23 products, of which 19 are targeted at individuals and 4 at group business. Reliance Life is committed to emerge as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years
- RLI is amongst the leading private sector players with a private sector market share of 8.0%. (Source: YTD December 2010 data, IRDA website)

- Total premium for the quarter was Rs. 15 billion (US\$ 323 million) as against Rs. 16 billion for the corresponding previous period
- Renewal premium for the quarter was Rs. 9 billion (US\$ 191 million) as against Rs. 7 billion – an increase of 25%
- New business premium for the quarter was Rs. 6 billion (US\$ 132 million) as against Rs. 9 billion
- The distribution network stood at 1,248 branches
- The number of agents at the end of December 31, 2010 was 215,952 as against 162,843 at the end of December 31, 2009 – an increase of 33%
- The total funds under management were at Rs. 174 billion (US\$ 3.9 billion) as on December 31, 2010 against Rs. 115 billion as on December 31, 2009 – an increase of 50%
- During the quarter, no capital infusion was required by the Company. The capital invested in this business, till date, is Rs. 31 billion (US\$ 690 million)
- The new business achieved profit (NBAP) margin for the nine months ended December 31, 2010 was Rs. 2.7 billion (US\$ 60 million), translating to a NBAP margin of 18.02%, up from Rs. 2.2 billion (17.9% margin) in H1 FY11

Reliance Commercial Finance

- Reliance Commercial Finance offers a wide range of products which include Home loans, Loans against property, SME loans, Commercial Vehicle loans, Loans for Construction equipment and Loans against securities
- The focus at Reliance Commercial Finance is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and winding down the unsecured loans portfolio
- RCF is amongst the leading lenders in the Indian non banking finance sector

- The disbursements for the quarter ended December 31, 2010 were Rs. 23 billion (US\$ 522 million) as against Rs. 14 billion for corresponding previous period – increase of 63%
- As on December 31, 2010, the assets under management (including securitized portfolio) was Rs. 123 billion (US\$ 2.7 billion) as against Rs. 95 billion as on December 31, 2009 – YoY increase of 30%
- As on December 31, 2010 the outstanding loan book was Rs. 107 billion (US\$ 2.4 billion) as against Rs. 78 billion at the end of December 31, 2009 – YoY increase of 37%. This loan book is spread across 115,351 customers from top 18 Indian metros
- During the quarter, the Company did not securitize any loans
- The Net Interest Income for the quarter ended December 31, 2010 was Rs. 1.3 billion (US\$ 30 million) – YoY increase of 19%
- Reliance Commercial Finance achieved a profit before tax of Rs. 793 million (US\$ 18 million) as against Rs. 381 million for the corresponding previous period – an increase of 108%
- Breaking up the financials into Secured and Unsecured:
 - The Secured book generated a net interest income of Rs. 1.2 billion (US\$ 27 million) for the quarter ended December 31, 2010 – a YoY increase of 50%. It achieved a profit before tax of Rs. 894 million (US\$ 20 million) for the quarter ended December 31, 2010, as against Rs. 908 million for the corresponding previous period – YoY decrease of 2%. There was no securitization profit booked in Q3 FY11. Excluding the securitization profit in Q3 FY10, the profit increased by 70% YoY in Q3 FY11.
 - The unsecured loans generated a net interest income of Rs. 128 million (US\$ 3 million) for the quarter ended December 31, 2010, as against Rs. 317 million for the corresponding previous period. The loss reduced to Rs. 101 million (US\$ 2 million) from Rs. 527 million for the corresponding previous period – YoY decline of 81%

Reliance Securities

- Reliance Securities, the broking arm of Reliance Capital is the one of the leading retail broking houses in India, providing customers with access to equities, equity options and commodities futures, wealth management, wealth management services, mutual funds, IPOs, offshore investments and investment banking
- Going ahead, the focus will be on the key business verticals of broking, wealth management and investment banking
- Broking:
 - It has 651,000 retail broking accounts at the end of December 31, 2010
 - Reliance Money daily average stock exchange turnover stood at Rs. 18 billion (US\$ 401 million) at the end of December 31, 2010
 - Commodities broking daily turnover was at Rs. 4.4 billion (US\$ 98 million)
- Wealth Management:
 - In wealth management, Reliance Securities assesses and creates financial investment opportunities for HNIs. It creates customized individual portfolios based on their diverse investment needs and risk profiles
 - The AUM as on December 31, 2010 has increased to Rs. 1.8 billion (US\$ 40 million) from Rs. 870 million as on December 31, 2009 – an increase of 103%
- Investment Banking:
 - In investment banking, Reliance Securities addresses the capital requirements of enterprises through various instruments- IPOs, private placements, M&A etc
 - In 9M FY11:
 - As Syndicate member, handled 3 issues; total amount mobilized – Rs. 5.9 billion (US\$132 million)
 - IPO funding – Rs. 35 billion (US\$ 785 million)
 - Reliance Securities achieved revenues of Rs. 392 million (US\$ 9 million) for the quarter ended December 31, 2010 as against Rs. 225 million for the corresponding previous period – 75% YoY increase

- The business achieved a profit before tax of Rs. 37 million (US\$ 1 million) for the quarter ended December 31, 2010, as against Rs. 1 million for the corresponding period in previous year

Distribution business – ‘Reliance Money’

- The distribution business of Reliance Capital, branded as ‘Reliance Money’ is a comprehensive financial services and solutions provider, providing customers with access to life and general insurance products, money transfer, currency exchange, loans and gold coins
- As on December 31, 2010, Reliance Money had a pan India distribution network of nearly 6,200 outlets
- Reliance Money is manufacturer agnostic and distributes life & general insurance products, loans and precious metal retailing
 - It has tied up with India Post to sell gold coins through the post office network across the country
 - Through its pan India presence, Reliance Money sold over 670 kilos of gold in the quarter ended December 31, 2010 – 284% YoY increase
 - It is the largest private sector partner for Western Union Money Transfer in India – Over 5 lac money transfer transactions
- Reliance Money achieved revenues of Rs. 274 million (US\$ 6 million) for the quarter ended December 31, 2010 – QoQ increase of over 210%
- The business achieved a profit before tax of Rs. 70 million (US\$ 2 million) for the quarter ended December 31, 2010, as against a loss of Rs. 0.6 million for the corresponding previous period

Reliance General Insurance

- Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products
- RGI is among the leading private sector general insurance player in India with a private sector market share of 9.6%

- The focus at RGI continues to be on writing profitable business and improving the combined ratio
- Gross Written Premium for the quarter ended December 31, 2010 was Rs 4.2 billion (US\$ 93 million) – a QoQ growth of 13%
- RGI brought down the loss for the quarter ended December 31, 2010 to Rs. 242 million (US\$ 5 million) from Rs. 282 million for the quarter ended September 30, 2010, decrease of 14%
- The combined ratio (with pool) was 124% as against 118% for the quarter ended September 30, 2010. This was on account of providing for nine months of third party motor pool losses in the quarter, in line with changes in accounting policy for pool losses
- The investment book increased 39% YoY to Rs. 21 billion (US\$ 471 million). This includes the money managed by the Third Party Motor Pool, that has been returned to the Company as per changes in the accounting pool
- During the quarter, no fresh capital was infused into the business. The total capital invested till date is Rs. 11.5 billion (US\$ 256 million)
- The distribution network composed of 200 branches and over 4,000 intermediaries at the end of December 31, 2010

Reliance Exchangenext Ltd (R Next)

- Reliance Exchangenext Limited (R Next), is an initiative of Reliance Capital in the exchange space to set up modern exchanges, in various segments
- R Next recently acquired 26%, as an anchor investor, in Indian Commodity Exchange Ltd (ICEX), a screen based online derivative exchange for commodities
- ICEX has pedigreed investors and along with Reliance Spot Exchange (RSX), will be able to offer comprehensive range of integrated products. ICEX will enable physical delivery to its members while RSX members can hedge their positions, creating immense benefit for the members of both exchanges and upgrade the existing ecosystem
- R Next aims to make ICEX an unique Commodity Exchange – a choice of all Stake Holder

Reliance Spot Exchange (RSX)

- Reliance Spot Exchange, a wholly owned subsidiary of R Next, is a physical delivery based commodity exchange set up by R Next
- RSX has received state licenses from Gujarat, Karnataka & Rajasthan Governments. The process for obtaining state licenses from Maharashtra, Andhra Pradesh and Madhya Pradesh has been initiated
- Post receiving the Licenses from Gujarat, Rajasthan and Karnataka, RSX has daily transactions being executed on the exchange auction platform. The total delivery transacted has crossed 6,500 metric tonnes
- RSX has received a trademark for 'e-mandi' an innovative electronic solution for auction markets
- RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India
- Reliance Spot Exchange is an initiative of Reliance Capital in the exchange space to set up modern exchanges, in various segments

Quant Capital

- Reliance Capital has a majority stake in Quant Capital, for which all necessary approvals have been taken. The management team at Quant Capital continues to be responsible for its operations
- Quant Capital focuses on the wholesale client segment of the capital markets which includes foreign and domestic institutions, corporations and ultra high net worth individuals
- Quant Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs over 170 professionals with diverse skills sets and has expanded its research and quantitative teams to ensure complete sector coverage across Indian equities

Reliance Equity Advisors (India) Limited (REAL)

- Reliance Equity Advisors, wholly owned subsidiary of Reliance Capital, manages a private equity fund, the Reliance Alternative Investments Fund – Private Equity Scheme I, which has successfully raised funds in the domestic market from Institutional and HNI clients
- The Fund's first investment in the education sector continues to progress on track
- REAL is evaluating various investment opportunities and has been looking to invest in the promising and fast growing sectors of infrastructure, engineering, financial inclusion and power equipment manufacture
- The Fundraising process for the offshore fund continues to gather momentum. A number of foreign LPs have evinced serious interest and a constructive dialogue is underway with many others

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. The other sponsors/shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacecroft and Blue Ridge
- The assets under management as on December 31, 2010 were Rs 3 billion (US\$ 69 million) – 15 fold YoY increase

Reliance Venture Asset Management (RVAM)

- Reliance Venture Asset Management, wholly owned subsidiary of Reliance Capital, is the venture capital arm of the Reliance ADA Group with an investment mandate to incubate or invest into high-growth, new business ideas and is stage, sector and geography agnostic
- Ranked 30th in the reputed list of US-based, Red Herring Top 100 Global Venture Capital firms in 2009 out of 1,800 global VC firms, from 32 countries, and across 12 benchmarks, Reliance Venture is the only Indian Corporate Venture Capital firm to feature in the ranking
- RVAM is also a recipient of the "Excellence Award" from India's Institute of Economic Studies, a quasi-government agency started by Members of the Indian Parliament, industry leaders, economists and educational leaders.

- RVAM's portfolio companies are considered as category creators and industry leaders. It has spawned companies including household names such as India's largest online travel website 'Yatra.com', 'Suvidhaa' - India's leading service commerce company, 'Stoke, Inc.' - a leader in multi access convergence network, 'Tessolve' - a leading semi-conductor testing company amongst many others
- The Company has fostered relations with global premier institutions and is the exclusive India partner for MIT and Stanford University for their entrepreneurship and business competitions. RVAM has also funded two start-ups from MIT
- RVAM endeavors to be the preferred choice and premier partner of all its portfolio companies and assures its full commitment to them over an unlimited period of time
- RVAM currently manages assets of Rs. 1.8 billion (US\$ 39 million)

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the quarter ended December 31, 2010

- Total income of Rs. 14 billion (US\$ 305 million) against Rs 15 billion in the corresponding period
- Net profit of Rs. 1.1 billion (US\$ 24 million) against Rs 632 million in the corresponding period – an increase of 68%
- Core businesses continue to increase their contribution towards earnings mix
 - Profit from major operating businesses at Rs. 1.8 billion (US\$ 40 million) – 61% YoY increase
 - Core businesses contributed to 100% of the profits as against 90% in Q2FY11

Summary of Consolidated Financial Statements

(Rs. Million)

	Q3 FY11	Q3 FY10	FY10
Total income	13,689	14,888	61,406
Staff costs	1,215	1,453	5,354
Other expenditure	2,989	3,547	13,909
Reinsurance premium ceded	1,587	1,896	7,272
Claims incurred	2,232	3,321	11,857
Interest & financial charges	4,007	3,457	13,324
Depreciation	117	175	676
Profit before tax	1,543	1,039	5,883
Net Profit after Minority Interest & share of profit of associates	1,063	632	4,345
Diluted EPS (Rs)	4.36	2.57	17.63

Segmental Performance
(Rs. Million)

	Q3 FY11	Q3 FY10	FY10
Finance & Investments			
Revenue	2,529	2,396	11,813
Profit before tax	151	207	3,426
Capital employed	78,186	66,567	74,416
Asset Management			
Revenue	1,712	1,927	6,460
Profit before tax	773	708	2,303
Capital employed	361	254	89
General Insurance			
Revenue	5,103	6,648	23,862
Profit before tax	(242)	(70)	(906)
Capital employed	8,422	6,257	7,912
Commercial Finance			
Revenue	3,457	3,263	13,252
Profit before tax	793	381	1,350
Capital employed	17,132	15,285	15,862
Others			
Revenue	1,074	654	6,211
Profit before tax	85	(184)	(274)
Capital employed	6,387	2,975	2,523

Note:

The segmental performance given above is as per SEBI and listing agreement guidelines. The consolidated performance of Reliance Capital Limited is classified according to the source and nature of revenues and profits. In case of the financial performance discussed given hereafter, the financial performance of each business division (except the Commercial finance division) represents the unaudited financials of the respective operating subsidiary/ company.

There will be a difference in the numbers/ figures in the segmental performance given above and those given in the business financial performance given hereafter.

For e.g. the consolidated income reported under asset management segment above would include the investment management fees from activities across the various subsidiaries of

Reliance Capital. This will not be comparable with the income of Reliance Asset Management Company. This would include the income from investment management fees as well finance & investment income and other income.

Total income:

RCL's consolidated income from operations for the quarter ended December 31, 2010 was Rs. 14 billion (US \$ 305 million) from Rs 15 billion in the corresponding previous period – a decrease of 8%.

Operating expenses:

Staff costs for the quarter ended were Rs. 1.2 billion (US\$ 27 million) as against Rs. 1.5 billion in the corresponding period previous quarter – a decrease of 16%.

Selling, general & administrative expenses for the quarter ended December 31, 2010 were Rs. 3 billion (US\$ 66 million) as against Rs 3.5 billion in the corresponding previous quarter – a decrease of 16%.

This was in line with the cost rationalization measures taken across business to create leaner cost structures.

Finance cost and Net profit from operations:

Interest & finance charges for the quarter were Rs. 4 billion (US \$ 89 million) as against Rs. 3.5 billion in the corresponding period previous quarter – an increase of 16%.

Depreciation for the quarter was Rs. 117 million (US\$ 3 million) as against Rs. 175 million in the corresponding previous period, a decrease of 33%.

Profit after tax, minority interest and share of profit of associates for the quarter ended December 31, 2010 was Rs. 1.1 billion (US\$ 24 million) as against Rs. 632 million in the previous quarter, an increase of 68%

The earnings from core businesses continued to increase. The combined profit from the major operating businesses was Rs. 1.8 billion (US\$ 40 million), a YoY increase of 61%.

Reliance Capital's core businesses contributed to 100% of the operating profits, up from 90% in Q2FY11.

Balance sheet

As on December 31, 2010, the company had total assets of Rs 304 billion (US\$ 7 billion) – YoY increase of 26% and a net worth of Rs. 81 billion (US\$ 2 billion) – YoY increase of 4%.

The company had a net debt of Rs 161 billion (US\$ 4 billion) as on December 31, 2010 and equity of Rs. 81 billion (US\$ 2 billion), resulting to net debt to equity ratio of 1.98

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

TOTAL ASSETS UNDER MANAGEMENT

(Rs. Billion)

Particulars	As at Dec 31, 2010	As at Dec 31, 2009
Total RCAM AUM	1,419	1,409
Mutual Funds		
AAUM	1,021	1,200
- Equity	37%	31%
- Debt	63%	69%
Pension Funds	406	315
Managed Accounts	21	32
Offshore funds	13	8

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY11	Q3 FY10	Q2 FY11	FY10
Total Income	1,857	1,964	1,773	6,817
Total Expenses	944	1,220	1,073	4,137
Profit before tax	913	744	700	2,680

Discussion of financial performance

Total income:

- RCAM's income from its operations for the quarter ended December 31, 2010 was at Rs. 1,857 million (US \$ 41 million) from Rs. 1,773 million in the previous quarter – a QoQ increase of 5%
- Profit before tax for the period ended December 31, 2010 was Rs. 913 million (US\$ 20 million) as against Rs. 700 million in the previous quarter, a QoQ increase of 30%
- Focus on long term retail debt and leaner cost of operations has improved PBT to AAUM ratio to 36 bps – YoY increase of 33%

RELIANCE LIFE INSURANCE

- Amongst leading private sector life insurers in India with private sector market share of 8.0%

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY11	Q3 FY10	FY10
First year premium	3,682	8,219	36,302
Single premium	2,255	994	2,906
Total new business premium	5937	9213	39,208
Renewal premium	8570	6859	26,841
Reinsurance Premium	(37)	(38)	(166)
Total premium	14,470	16,034	65,883
Weighted Received Premium (WRP)	3,907	8,318	36,593
No of policies issued	308,923	688,979	2,326,154
Average premium per policy (Rs.) (Individual business)	18,555	12,746	14,569
Average tenure of policies issued	15.2	14.8	14.5
No of branches	1,248	1,247	1,247
No of agents	215,952	162,843	195,565
Total Funds under management			
Equity	123,132	79,859	96,780
Other than equity	50,416	35,597	39,828
Capital infused	0	0	2,310

- Total premium for the quarter was Rs. 14 billion (US\$ 323 million) as against Rs. 16 billion for the corresponding previous period
- Renewal premium for the quarter was Rs. 9 billion (US\$ 191 million) as against Rs. 7 billion – an increase of 25%
- New Business Premium Income was Rs 6 billion (US\$ 132 million) for the quarter as against Rs 9 billion in the corresponding previous period
- The number of policies sold during the quarter was 308,923 as against 688,979 for the corresponding previous period

- The distribution network stood at 1,248 branches at the end of December 31
- The number of agents at the end of December 31, 2010 were at 215,952 as against 162,843 agents at the end of December 31, 2009, an increase of 33%
- The total funds under management were at Rs. 174 billion (US\$ 3.9 billion) as on December 31, 2010 against Rs. 115 billion as on December 31, 2009 – an increase of 50%
- During the quarter, no capital infusion was required. The capital invested in this business, till date, is Rs. 31 billion (US\$ 690 million)

NEW BUSINESS ACHIEVED PROFIT (NBAP)

New Business Achieved Profit:

Definition

NBAP is defined as present value of future profits for shareholders on account of new business sales, based on a given set of assumptions. Actual experience may differ from these assumptions.

Basis of preparation

The NBAP is calculated net of tax after providing for cost of capital that would be required to support business. The cost of capital is taken as the difference between the nominal value for solvency capital and the present value, at the risk discount rate, of future releases of capital together with investment earnings on the solvency capital.

- The new business achieved profit for nine months ended December 31, 2010 was Rs. 2,704 million (US\$ 60 million); up from Rs. 2,157 million (17.9% margin)
- The new business achieved profit margin for nine months ended December 31, 2010 was 18.02%

The assumptions used for calculating NBAP are as follows:

Economic Assumptions:

Particulars	Assumptions p.a.
Cash/ Money Market/ TB	5.0%
Government Securities	7.5%
Corporate Bonds	8.5%
Equities	12.0%
Inflation	5.5%
Risk discount rate	12.5%
Tax rate	14.2%

Operating Assumptions:

- Operating assumptions such as mortality, morbidity & persistency are based industry & reinsurers experience, using our operating experience where such experience is credible

- Expense assumptions are based on our latest expense projection which reflects recent responses to lower growth environment. The chosen expense loadings are consistent with current pricing assumptions & represent our most recent view of long term expense assumptions
- No allowance has been made for any expense over runs that we experience in the short term
- Projections assume that we pay tax at the full rate of tax, with no credit for existing tax losses

Sensitivity:

The sensitivity of the NBAP to economic assumptions is given below:

(Rs. Million)

Particulars	Base Value	+ 1%	- 1%
Investment return	2,704	2,935	2,554
Risk discount rate	2,704	2,474	3,035

- The investment return sensitivity considers a change in the assumed rate of growth for unit-linked funds, the assumed rate of investment return on non unit cash flows and reserves and on assets supporting the solvency margin, and a change in the rate of expense inflation.

Further consideration:

- NBAP reflects 95% of new business written in the nine months ended December 31, 2010
- The value from part of traditional business and part of group business has been ignored. These two business lines represent 5% of the annualized new business premium.

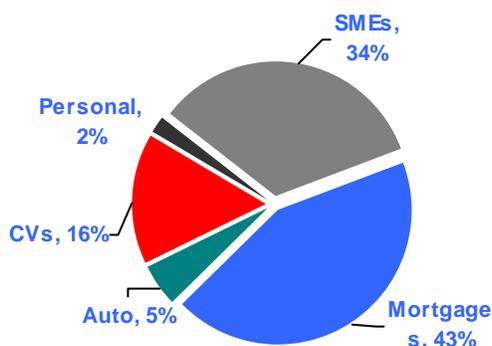
RELIANCE COMMERCIAL FINANCE

Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 23 billion (US\$ 522 million) of secured loans during the quarter, as against Rs. 14 billion for the corresponding previous period, increase of 63%
- As on December 31, 2010, the assets under management (including securitized portfolio) was Rs. 123 billion (US\$ 2.7 billion) as against Rs. 95 billion as on December 31, 2009 – increase of 30%
- As on December 31, 2010 the loan book was Rs. 107 billion (US\$ 2.4 billion), up 37% from Rs. 78 billion as at the end of December 31, 2009. This loan book is spread across 115,351 customers from top 18 Indian metros
- At the end of December 31, 2010, 95% of outstanding loan book was secured as against 79% at the end of December 31, 2009
- Personal loans proportion brought down to 2% of the outstanding loan book for the quarter as against 9% for the corresponding previous period
- During the quarter, the Company did not securitize any loans

LOAN BOOK MIX – as on December 31, 2010

Outstanding Loan book – Rs. 107 billion



FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY11	Q3 FY10	FY10
Disbursals	23,448	14,419	57,762
Net Interest Income	1,338	1,124	4,595
Total Income	3,482	3,263	12,868
Total expenses	628	725	2,629
Interest expenses	1,785	1,476	6,130
Provisions	276	681	2,759
Profit before tax	793	381	1,350

- The Net Interest Income for the quarter ended December 31, 2010 was Rs. 1.3 billion (US\$ 30 million) – YoY increase of 19%
- The profit before tax for the quarter ended December 31, 2010 was Rs. 793 million (US\$ 18 million) as against Rs. 381 million for the corresponding previous period – an increase of 108%
- The cost to income ratio for the quarter was 18% as against 22% for Q3FY10
- The average cost of funds for the quarter ended December 31, 2010 was 8.7%
- Average NIMs at 5.4% based on capital adequacy of 16%
- 63% YoY decline in Gross NPLs at Rs. 1.9 billion (US\$ 43 million)
- Provisioning for the quarter was Rs. 276 million (US\$ 6 million) – YoY decrease of 59%
- Provision coverage ratio at the end of Q3FY11 stood at 79%, compared to 53% at the end of Q3FY10

Secured Book

Outstanding loan book – Rs. 102 billion – 64% YoY increase

(Rs. Million)

	Q3FY11	Q3FY10	FY10
Net Interest Income	1,210	807	3,290
Total Income	3,237	2,602	10,170
Total expenses	553	504	1,813
Interest expenses	1,683	1,157	4,859
Provisions	107	32	420
Profit before tax	894	908	3,078

- The Secured book generated a net interest income of Rs. 1.2 billion (US\$ 27 million) for the quarter ended December 31, 2010 – a YoY increase of 50%
- It achieved a profit before tax of Rs. 894 million (US\$ 20 million) for the quarter ended December 31, 2010, as against Rs. 908 million for the corresponding previous period – a decrease of 2%
- There was no securitization profit booked in Q3 FY11. Excluding the securitization profit in Q3 FY10, the profit increased by 70% YoY in Q3 FY11.

Unsecured loans

Outstanding loan book – Rs. 5 billion – 68% YoY decline

(Rs. Million)

	Q3FY11	Q3FY10	FY10
Net Interest Income	128	317	1,305
Total Income	246	662	2,698
Total expenses	76	221	816
Interest expenses	102	319	1,271
Provisions	169	649	2,339
Profit before tax	(101)	(527)	(1,728)

- The Company has moved away from unsecured loans and stopped net disbursements in this segment since April 2008
- Personal loans brought down to 2% for the quarter ended December 31, 2010 as against 9% for the corresponding previous period
- The unsecured loans division generated revenues of Rs. 230 million (US\$ 5 million) for the quarter ended December 31, 2010, as against Rs. 637 million for the corresponding previous period
- 74% YoY decline in provisioning from Rs. 649 million to Rs. 169 million (US\$ 4 million) in Q3 FY11
- The loss decreased to Rs. 101 million (US\$ 2 million) as against a loss of Rs. 527 million for the corresponding previous period – a decrease of 81%

RELIANCE SECURITIES

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY11	Q3 FY10	Q2 FY11	FY10
Total Income	392	225	361	2,151
Sub brokerage	56	25	49	182
Personnel Costs	135	37	110	906
Other expenses	164	160	150	788
Profit before tax	37	1	52	275

Discussion of financial performance

- The total income increased by 75% to Rs. 392 million (US\$ 9 million) for the quarter ended December 31, 2010 as against Rs. 225 million for the quarter ended December 31, 2009
- The business achieved a profit before tax of Rs. 37 million (US\$ 1 million) for the quarter ended December 31, 2010, as against Rs. 1 million for the quarter ended December 31, 2010 – a 30 fold increase
- Improvement in profit margin from near zero in Q3FY10 to 9% in Q3FY11 - demonstrating focus on profitable growth across each business vertical

DISTRIBUTION BUSINESS – ‘RELIANCE MONEY’

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY11	Q3 FY10	Q2 FY11	FY10
Total Income	274	312	86	434
Sub brokerage	95	10	52	49
Personnel Costs	30	131	6	86
Other expenses	78	172	3	425
Profit before tax	71	(1)	25	(126)

Discussion of financial performance

- The total income stood at Rs. 274 million (US\$ 6 million) for the quarter ended December 31, 2010 as against Rs. 86 million for the quarter ended September 30, 2010 – QoQ increase of over 210%
- The business achieved a profit before tax of Rs. 71 million (US\$ 2 million) for the quarter ended December 31, 2010, as against a loss of Rs. 0.6 million for the corresponding previous period – a 30 fold increase
- Significant improvement in profit margin from near zero in Q3FY10 to 26% in Q3FY11 - demonstrating focus on profitable growth across each business vertical

RELIANCE GENERAL INSURANCE

- Amongst leading private sector general insurers in India with private sector market share of 9.6%

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY11	Q3 FY10	Q2 FY11	FY10
Gross Written Premium	4,181	5,182	3,707	19,797
Profit before Tax/ (Loss)	(242)	(70)	(282)	(905)
Combined ratio with pool	124%	112%	118%	117%
Capital infusion	0	0	470	2,100
Investment book				
Equity	256	1,133	194	1,155
Debt	20,853	14,023	19,409	15,412
Total	21,109	15,156	19,603	16,567
No of policies issued (millions)	0.7	0.9	0.7	3.3
No of branches	200	200	200	200
No of intermediaries	4,013	5,194	4,245	4,641

SEGMENT WISE BREAK UP

- Premium contribution

Particulars	As at Dec 31, 2010	As at Dec 30, 2009
Motor	62%	67%
Health	16%	12%
Fire	7%	7%
Engineering	3%	4%
Others	13%	10%
Total	100%	100%

Discussion of financial performance

- The focus at RGI continues to be on writing profitable business and improving the combined ratio
- Gross Written Premium for the quarter ended December 31, 2010 was Rs 4.2 billion (US\$ 93 million) – a QoQ growth of 13%
- Brought down the loss for the quarter ended December 31, 2010 to Rs. 242 million (US\$ 5 million) from Rs. 282 million for the quarter ended September 30, 2010, decrease of 14%
- The combined ratio (with pool) was 124% as against 118% for the quarter ended September 30, 2010. This was on account of providing for nine months of third party motor pool losses in the quarter, in line with changes in accounting policy for pool losses
- The investment book increased 39% YoY to Rs. 21 billion (US\$ 471 million). This includes the money managed by the Third Party Motor Pool, that has been returned to the Company as per changes in the accounting pool
- During the quarter, no fresh capital was infused into the business. The total capital invested till date is Rs. 11.5 billion (US\$ 256 million)
- The distribution network composed of 200 branches and 4,013 intermediaries at the end of December 31, 2010

- SECTION 4

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on December 31, 2010	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	RCAPT.IN
No of share outstanding (December 31, 2010)	245,632,800
Closing market price (Rs.) (December 31, 2010)	668.3
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	1.6
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	1.2
F& O volume (NSE – for the quarter) (No. in million/ day)	9.8
F& O value (NSE – for the quarter) (Rs. in billion/ day)	7.9
Weightage of Reliance Capital in indices: S&P CNX Nifty MSCI	0.41 0.48
Stock Beta (for quarter ended December 31, 2010)	1.13
Market capitalization as on December 31, 2010 (Rs bn)	164.2
Market capitalization as on December 31, 2010 (US\$ bn)	3.7
Book value per equity share (Rs.)	329

Summarized shareholding pattern as of December 31, 2010

Category	No of shares	Shareholding%
Reliance Anil Dhirubhai Ambani Group	132,982,274	54.1%
Foreign investors – FIIs, NRIs and others	54,771,227	21.2%
Domestic institutions/ Banks / Mutual funds	12,151,540	4.9%
Indian public	45,727,759	19.8%
Total	245,632,800	100.00%

Reliance Capital daily stock price & volume (NSE) movement (Source: Bloomberg)



Comparison of Reliance Capital stock movement with peer groups (Data Source: Bloomberg)

